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## **Interagency Contracts Coordinating Team (ICCT)**

### **Meeting Minutes**

*May 9, 2006*

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**Attending:** Laura Nelson (OFM), Melanie Buechel (OSPI), Debbie Dunn (DOP), Tom Goldsby (L & I), Del Hontanosas (CTED), Jim Matthews (DOH), Larry Oline (ESD), Marsha Reilly (LEG), Nancy Ringstad (DOL), Michelle Wieburg (SAO), and Megan McKay (OFM)

#### **Performance-Based Contracts Training**

Laura received feedback on the recent performance-based contracts training. Some of the comments were:

- The exercise could have been better structured
  - It would be helpful to provide a synopsis at the beginning of the exercise for a better understanding of what is being asked
  - Divide into groups for the exercise to encourage better discussion
- Some thought the class was too lengthy, should be shorter, less redundancy
- It was a great class with lots of beneficial information
- The refreshments were greatly appreciated

#### **Risk-Based Audit Summary**

Laura provided a handout summarizing the results of the risk-based audits. The handout included the number of contracts audited, highlights, and recommendations. She emphasized the results were good and all three agencies audited did an excellent job using performance measures in some of their contracts.

Tom requested an e-copy of the audit summary handout and Laura will email the document to the ICCT (attached).

#### **Contracting Guide Updates**

OFM is considering modifications to the contracting guides in the next revision. Some of the suggested changes are:

- Include only mandatory requirements; or
- Required, mandatory information along with helpful, best practices, which will be clearly distinguished from the required information;
- Mark the required information in a manner that won't cause confusion when trying to navigate in the new format;
- Include an explanation of who should be using and reading the guides; and
- Include information on performance-based contracting in the guides.

The group shared their preference for the OFM guide format over other agencies' formats. They determined the OFM contracting guides are much easier to read and to use.

### **Policy Oversight Board Charter Relating to the Roadmap Project**

A draft of the charter (discussed at last month's meeting) and a copy of the PowerPoint slides presented at WACS recently on the "Roadmap for Financial and Administrative Policies, Processes and Systems" were distributed for discussion. Laura directed the group to pages 6 and 7 of the Roadmap handout, where recommendations were noted. She provided an explanation for some of the recommendations listed, which included establishing a position called "Chief Procurement Officer" to oversee contracting, and establishing a "shared service center" to centralize responsibility and authority related to the enterprise business systems and processes. She emphasized the importance of keeping the charter in line with the Roadmap project.

After reviewing both documents, it was decided the charter should use similar terminology as the Roadmap document, therefore it was suggested to change "Director" to "Chief Procurement Officer".

There was discussion about whether to make changes to the draft charter. How much time should be spent on the charter? Should it stay as it is or perhaps the language should be broader in content? Maybe there should be different charters for the different options of organizational structure? It was decided to make changes to this charter to align with the Roadmap recommendations.

It was mentioned that the Roadmap project would have to change laws first, before moving forward with other changes.

Laura offered to make today's suggested edits to the charter draft and then to redistribute it to the ICCT (attached).

### **Wellness Activity Contracts**

Jim Matthews has been working to improve procedures for employee wellness contracts at DOH. Wellness contracts began under a program developed by the state, and agencies continue to allow wellness activities on state premises. The state does not pay for these services, employees pay for the services themselves.

The contracting issue deals with liability while the providers are on state property, how to deal with security issues, etc. Jim asked the group for feedback about how they handle this type of contract.

It seems that most agencies represented at the ICCT do write contracts between the wellness activity providers and the state agency. The AGO uses a letter format, which Jim will send to Laura if he can get a copy. L&I doesn't write contracts for these activities.

There was much discussion about insurance issues related to these contracts. Part of the discussion was about when L&I covers workers' injuries and when the provider's own insurance would cover any injuries to state workers. The question was asked "If a massage therapist (or other service provider) causes an injury to an employee while providing a service and the employee is on his work break at the time, is the employee covered by L & I?" Tom will follow-up with the answer.

Larry has wellness contracts at ESD and will forward the electronic forms he uses to Jim for his information.

The group agreed on the importance of maintaining consistency throughout the agencies with regard to the contracting process and contract template for this particular contract type. Having the consistency throughout the agencies would be extremely beneficial. Jim is thinking about writing a "Building Use Agreement" that would cover issues about providers providing services on DOH premises.

### **Miscellaneous**

Debbie Dunn recently attended a class on competencies through job analysis, which included tools for assessment. She asked if anyone would be interested in working on developing competencies for contracting staff because she might be able to arrange for more classes/speakers for ICCT. Tom thought Nancy had done some work in this area, which the group could review.

Jim mentioned how helpful the federal core competencies from the advanced contracting class were. Laura added that she also has information on core competencies from British Columbia. At the next meeting, the group will discuss what projects to work on next year, so this will be one project on the list.

### **NEXT MEETING**

**The next meeting is scheduled for June 13, 2006.** The meeting will be held on the ground floor of the General Administration building – Conference Room G4. The meeting will begin at the usual time, 1:30 p.m. to 3:30 p.m.

### **Agenda for June**

- Review of the draft charter –Laura will send it to the ICCT electronically beforehand
- What will the ICCT do for the coming year? Suggestions include:
  - Continue with Interagency Agreement process – counties?
  - Research insurance coverage - definitions, practices, process, overlap, etc., throughout agencies and try to provide consistencies (related to different types of insurance, including L&I workers compensation)
  - Public Disclosure project discussion (procurement section omitted from the law in 1999)
  - Competencies for contracting staff

If you have suggestions for agenda items, please contact Laura Nelson, 725-5259.

*Meeting adjourned at 3:30 p.m.*

## 2005 Risk-Based Audits of Client Service and Personal Service Contracts

### The objectives of this audit were to:

- Determine selected agencies' compliance with OFM's *Guide to Client Service Contracting* and *Guide to Personal Service Contracting*, and
- Assess the areas of greatest strengths and weaknesses with existing agency contracting systems.

The full audit report is located on the OFM website at:

<http://www.ofm.wa.gov/contracts/client/2005riskauditreport.pdf>

### CONTRACTS AUDITED

Agency Audited	Personal Service Contracts	Client Service Contracts	Total Contracts
WSP	14	0	14
DSB	2	13	15
ESD	7	8	15
Total No. of Contracts Audited			44

### HIGHLIGHTS

- Scopes of work were well written and reporting requirements were clearly defined.
- Budget and funding was verified.
- Personal service contract competitive requirements were typically followed.
- Performance measures and outputs were often used in contracts.
- Adequate payment documentation was kept by agencies.
- All agencies previously audited have shown improvements in subsequent audits.

### RECOMMENDATIONS

- Risk assessments, especially linked to monitoring plans, continue to be underutilized. Agencies often contract with the same organizations and client service providers year after year and thus believe they are already familiar with their operations and organizations.
- Documentation of the contracting process continues to be an issue. Documentation was lacking specifically to show compliance with the guidelines or decisions and actions taken by the contracting or program staff.
- Some state agency staff had not attended the required OFM contracts training.
- Contractor's status as subrecipient or vendor was not clearly documented for federally funded contracts.
- Screening for current and former state employees was not completed as part of the contracting process.

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## **Charter for the Shared Service Center**

### **INTRODUCTION**

This Charter documents the creation of the shared service center, being established to facilitate a coordinated approach to the development, administration and enforcement of contracting and procurement policies.

This Charter is a living document and is subject to change.

### **PURPOSE**

The purpose of the shared service center is to continue the strategic direction of the *Roadmap for Washington State Financial and Administrative Policies, Processes and Systems* by integrating all state contracting and procurement policy development, administration and enforcement activities. In relation to the Roadmap project, the idea of a shared service center is actually broader than simply centralizing responsibility and authority related to contracting; rather it encompasses the broader scope of the whole Roadmap project “back office” functions. However, this charter is limited to the contracting functions.

The shared service center would centralize responsibility and authority for Washington’s procure-to-pay policies, systems, data and targeted business processes such as management of enterprise vendors, catalog services, and coordination of procurement rules and procedures.

### **BACKGROUND**

There are many state agencies (regulatory agencies) with rule-making authority over contracting and procurement functions within state government. Each of the regulatory agencies independently develop, administer and enforce policies which govern the process and procedures state agencies must follow when acquiring goods and services or implementing agreements between other governmental entities. This has created a complex labyrinth of regulation that impedes access and the ability of agencies to manage efficiently. Some of the current business challenges include:

- Lack of reliable data to establish and monitor performance improvement targets for procurement.
- Procure-to-pay processes depend on information from other business processes but data cannot easily be shared
- It is cumbersome for vendors to register to do business with the state and get information about the status of their orders and payments.
- Highly decentralized and variable business processes between and within agencies are confusing for vendors and employees, and impede adoption of best practices.

To streamline contracting practices, procurement laws must be changed to allow consolidation and standardization of procurement policy and law. The state’s contracting and procurement policies need to be fair and effective while maintaining a balance between agency needs and socio economic values.

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The shared service center would be created to facilitate a coordinated approach to the development, administration, and enforcement of contracting and procurement policies between regulatory agencies.

## SCOPE AND OBJECTIVES

### Scope

The shared service center would have oversight authority with respect to all state government contracting and procurement policy matters.

### Objectives/Outcomes

The shared service center shall identify laws, regulation, policy, etc. which need to be addressed, with the objective of creating fair and effective contracting and procurement policies that complement each other through an integrated unified process.

The focus of efforts shall be on the following:

- 1) Creating fair and effective contracting and procurement policies that achieve results while maintaining a balance between agency needs and socio economic values.
- 2) Removing impediments to achieving effective and integrated contracting and procurement policies.

The intended outcome is to create fair and effective contracting and procurement policies which complement each other and eliminate policies which are duplicative, conflicting or non-effective. Outcomes shall be measured through surveys and feedback from agencies, regulatory agencies, the business community and groups representing interested stakeholders.

### Out-of Scope

The shared service center shall not include within its scope, agency policies that have no impact on another agency.

## STAKEHOLDERS

Stakeholders include the Department of General Administration (GA), Department of Information Services (DIS), Office of Financial Management (OFM), State Finance Committee, Public Printer (PRT), Department of Personnel (DOP), Department of Revenue (DOR), Office of the State Treasurer (OST), Department of Services for the Blind (DSB), Office of the State Auditor (SAO), Office of the Attorney General (ATG), Office of Minority and Women's Business Enterprises (OMWBE), end user agencies, the business community and labor organizations.

## STRUCTURE

### Organization

The shared service center will serve as the official state entity responsible for coordinating implementation of state contracting and procurement policy activities and reports directly to the governor. Whether this is a separate state agency or a division within an agency, a Chief Procurement Officer (CPO) should be established to oversee procurement policy and practices across state agencies.

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Operating independently, the center would work with and seek the advise of the Policy Oversight Advisory Committee, which consists of representatives from state government, business and labor.

## **Roles and Responsibilities**

The role of the shared service center is to coordinate implementation of state contracting and procurement policy activities, including development, administration and enforcement.

The CPO's responsibilities include:

- 1) Supervise and administer the activities of the shared service center.
- 2) Exercise all the powers and perform all the duties prescribed by law with respect to the oversight of the contracting and procurement policy activities of state government.
- 3) Appoint an advisory committee composed of [REDACTED] members [REDACTED] representing subject workers, [REDACTED] representing subject business, [REDACTED] representing agencies of state government with state contracting and procurement and procurement rule-making authority, and two ex officio members, without a vote, one of whom shall be from [REDACTED] and the other, the representative of the office. The member representing the office shall be chairman. This committee shall conduct a continuing study of any aspects of contracting and procurement and procurement policy as the committee shall determine require their consideration. The committee shall report its findings to the office for such action as deemed appropriate. The members of the committee shall be appointed for a term of three years commencing on July 1, 2007 and the terms of the members representing the workers and employers shall be staggered so that the director shall designate one member from each such group initially appointed whose term shall expire on June 30, 2008 and one member from each such group whose term shall expire on June 30, 2009. The members shall serve without compensation, but shall be entitled to travel expenses as provided in RCW [43.03.050](#) and [43.03.060](#) as now existing or hereafter amended. All expenses of this committee shall be paid by the department.
- 4) Advise the governor and the legislature with respect to matters affecting the contracting and procurement policies of state government.
- 5) Make efficiency surveys of all regulatory agencies concerning contracting and procurement policy activities and examine the impact to agency administrative and business methods and the operational activities thereof.
- 6) Make confidential reports to the governor, recommending necessary betterments, repairs, and the installation of improved and more economical methods for administrations of the contracting and procurement policy activities of state government, and advise on such action as will result in remedies for inefficient functioning.

### ***The responsibilities of the shared service center are as follows:***

- 1) Provide technical assistance to the governor and the legislature in identifying needs and in planning to meet those needs concerning contracting and procurement policy activities.
- 2) Coordinate advisory committee activities.

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- 3) Cooperate with state agencies, other governmental units, and private interests in the prioritization and implementation of the state contracting and procurement policy and matters.
- 4) Adopt rules necessary to carry out the powers and duties of the office.
- 5) Perform the comprehensive planning functions and processes necessary or advisable for state contracting and procurement policy development and determination of policy improvement requirements.
- 6) Prepare and update plans and guidelines for administration of state contracting and procurement policy related activities. Plans and guidelines shall include procedures for development and maintenance of state contracting and procurement policy and the actions to be taken by various agencies and officers of state government, with rule-making authority.
- 7) Present components of rules that require legislation for their implementation to the legislature in the form of proposed legislation.
- 8) Provide assistance and coordination to regulatory agencies in their preparation of state contracting and procurement policy.
- 9) Provide general coordination and review of state contracting and procurement policy planning as may be necessary for the efficient management of an integrated unified process. Coordination and review authority shall include development of forms and documents and maintenance of standard terms and conditions
- 10) Provide support for increasing the effectiveness of state contracting and procurement policy, including assisting in the removal of impediments to achieving effective and integrated contracting and procurement policies.
- 11) Establish and maintain a central repository in state government for collection of state contracting and procurement policy.
- 12) Participate with other states or subdivisions thereof in interstate contracting and procurement policy planning.
- 13) Encourage educational programs that further planning and provide administrative and technical services therefore.